

Message Text

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PAGE 01 SUVA 00091 200007Z

ACTION EA-12

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E.O. 11652: N/A

TAGS: PGOVE, ELAB, EMIN, EFIN, ECON, FJ

SUBJECT: GOF MAKES DECISION TO NATIONALIZE EMPEROR GOLD MINE

1. PRIMEMIN RATU MARA YESTERDAY ANNOUNCED THAT THE GOF WOULD TAKE OVER THE EMPEROR GOLD MINING COMPANY, LTD. AT VATUKOULA. THE ACTION FOLLOWS A DECISION BY THE COMPANY IN EARLY DECEMBER TO LAYOFF 1,000 MINERS AND SUBSEQUENT INVESTIGATION BY THE GOVERNMENT, AND WAS SPURRED BY FIJI MINEWORKERS UNION STRIKE

INTENDED TO FORCE NATIONALIZATION.

2. PRIMEMIN TOLD REPORTERS THAT "GOVERNMENT WISHES TO ACQUIRE THE MINE; THE COMPANY IS WILLING TO NEGOTIATE FOR ITS TRANSFER; THE GOVERNMENT IS WILLING TO PAY A FAIR PRICE."

3. MEANWHILE A TEAM OF CONSULTANTS FROM THE COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION HAS BEEN BROUGHT IN TO DO A THROUGH ASSESSMENT OF THE MINE, INCLUDING ITS POSSIBLE LIFE SPAN, THE QUANTITY OF MINERALIZATION IT CONTAINS, AND THE COST OF ANY FURTHER DEVELOPMENT. A FORMER MANAGER OF THE MINE, FRED WATSON, HAS BEEN COMMISSIONED BY THE GOVERNMENT TO CONDUCT AN IMMEDIATE SURVEY OF THE MINE.

UNCLASSIFIED

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PAGE 02 SUVA 00091 200007Z

4. THE MINEWORKERS HAVE AGREED TO RETURN TO WORK WHILE NEGOTIATIONS PROCEED. HOWEVER, THE GOVERNMENT HAS ALREADY ARRANGED FOR 700 OF THE DISMISSED WORKERS TO BEGIN WORK WITH THE FIJI PINE COMMISSION AND IN NEW ZEALAND. INDICATIONS ARE THAT THESE ARRANGEMENTS WILL HOLD.

5. THE GENERAL SECRETARY OF THE FIJI MINEWORKERS UNION, NAVITALIA RAQONA, HAS BEEN ACTIVE IN THE UNION SINCE 1976 AND HAS LED A STRIKE EACH YEAR SINCE BECOMING THE UNION'S LEADER SIX YEARS AGO. HE IS A STAUNCH SUPPORTER OF THE GOVERNING ALLIANCE PARTY.

6. THE GENERAL CONSENSUS IN FIJI IS THAT THE GOVERNMENT'S DECISION TO NATIONALIZE FORTH-RANKING INDUSTRY IS AN UNAVOIDABLE "LAST-DITCH EFFORT" SIMILAR TO ACTION PREVIOUSLY TAKEN IN THE SUGAR INDUSTRY, WHOSE PRODUCTION COSTS ARE ALSO ABOVE MARKET PRICES. BUSINESS COMMUNITY SPOKESMAN ASSERTED THAT UNIONISM IN GENERAL AND THE INFLUENCE OF NEW ZEALAND UNIONS OVER FIJI UNIONS TO BLAME FOR "VERY DIFFICULT FINANCIAL POSITION" IN FIJI. THE FIJI TIMES EDITORIAL CORRECTLY NOTES: "TAKEOVER IS A SOCIAL MEASURE" AND GOF "HAS NO OTHER OPTION".

COMMENT: THE GOF ACTION IS A FURTHER INDICATION OF CONVERSION OVER ECONOMIC PICTURE IN GENERAL AND GROWING UNEMPLOYMENT PROBLEM IN PARTICULAR.
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